

P 141404Z NOV 08
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC PRIORITY 3900
INFO EUROPEAN POLITICAL COLLECTIVE PRIORITY
IRAQ COLLECTIVE PRIORITY
AMEMBASSY BAGHDAD PRIORITY
DEPT OF COMMERCE WASHINGTON DC PRIORITY

UNCLAS STOCKHOLM 000769

E.O. 12958: N/A

TAGS: [ETRD](#) [ECIN](#) [ECON](#) [ECPS](#) [EINV](#) [ENRG](#) [EPET](#) [PGOV](#) [PREL](#)

IZ, SW

SUBJECT: SWEDISH TRADE MINISTER TO LEAD BUSINESS DELEGATION
TO IRAQ

¶1. Summary: Swedish Minister of Trade Eva Bjorling is leading a business delegation of major Swedish companies to Iraq. Scania Trucks is looking into opening a truck factory in Iskandaryah and service centers in Erbil and Basrah that would provide 500-600 jobs in Iraq. Embassy Stockholm facilitated a fact-finding conference call between Bjorling and Embassy Baghdad to help pave the way for a successful trip.

¶2. On November 12, U.S. Ambassador Michael Wood and Foreign Commercial Counselor Frank Carrico met with Swedish Minister of Trade Eva Bjorling to conduct a fact-finding conference call to Political Counselor Ambassador Robert Ford at U.S. Embassy Baghdad about doing business in Iraq. Bjorling will lead a trade delegation consisting of representatives from the following Swedish companies: Scania Trucks (part of the Saab Scania Group), ABB (a global electricity grid and infrastructure company), Ericsson (a telecommunications infrastructure company), and Lundin Oil (oil exploration and drilling).

¶3. Scania Trucks hopes to open a factory in Iskandaryah and service centers in Erbil and Basrah that would provide 500-600 jobs in Iraq. When Bjorling asked which obstacles Swedish companies might face, Ambassador Ford cited four major challenges that U.S. companies have encountered in doing business in Iraq:

- The security situation. Security remains important, but less so in the north.
- The legal system. Iraqi commercial court and dispute resolution mechanisms are neither up to speed nor transparent.
- The labor pool. Skilled labor is difficult to find, especially in the provinces.
- The infrastructure. Inadequate infrastructure, particularly the lack of electricity and potable drinking water affects operations negatively.

¶4. Ambassador Ford also noted that the legal framework regarding the oil sector remains unclear, especially where the sharing of oil revenues is concerned. He commented that electricity is a high priority sector for Iraq and that much needs to be done in this area. Ambassador Ford told Bjorling that two cell-phone networks exist in Iraq, and that cell-phone penetration is great (80%), while Internet penetration is low. He also cited the cumbersome Iraqi procurement and approval process implemented to combat corruption as a potential hinder to doing business in Iraq. Ambassador Ford recommended that Bjorling turn to a consulting company with a good knowledge of Iraq. He also suggested tapping into the large pool of Iraqi immigrants in Sweden, many of whom are skilled and have business experience, to utilize people who the Iraqi business culture.

WOOD